

of which more than half were sold in Europe. The proceeds were loaned on stock and mortgages, mainly to stockholders, and the circulation was run up in 1839 to \$551,747. A committee of the legislature made an investigation in 1840 and their report was very unfavorable to the bank. The State government, after the admission of Florida to the Union, refused to recognize the privileges of the Union Bank and the Secretary of State reported in 1858 that its circulating notes were worth not more than twenty cents on the dollar. A real estate bank was one of the features of the Arkansas system, towards which the subscribers to the stock were required to pay nothing in, but merely to secure their subscriptions by mortgaging their real estate. The working capital of the institution was obtained by the issue of State bonds, of which \$2,000,000 were authorized. "A prudent expansion of the currency of the State " was one of the avowed objects of the bank and loans were made within a year after opening on December 12, 1838, amounting to \$1,585,190. The circulation of the bank at this time was only \$156,910, but specie payments were suspended and circulation was increased in May, 1840, to \$759,000. The notes suffered a discount of forty to forty-five per cent, and it was soon discovered that the collection of loans on maturity was a far different matter from making them. The directors made an assignment on April 2, 1842, and the notes of the bank afterward passed for about twenty-five per cent, of their face value in specie. A like experiment had been going on in the meantime with the Bank of the State of Arkansas and the total amount of unredeemed bonds issued by the State on behalf of both banks, including interest, up to October 1, 1868, was \$4,993,503.

Illinois tried several experiments at issuing money upon " the credit of the State," and the circulation of the State Bank of Illinois, incorporated in 1821, did not exceed \$300,000. Even this moderate limit did not keep the notes from falling within three years to twenty-five cents on the dollar, and in 1825 an act was passed requiring the cashier of the bank to collect all the signed and unsigned notes in his pos-